ourofino
saúde animal






Ourofino Saúde Animal

January 2017

29 Year History



1987

- Founded by Norival Bonamichi and Jardel Massari



2000

- Entered into the pet market



2005

- Started the operations of the Cravinhos' production facility
- Winner of FINEP technological innovation award

2007

- BNDESPar acquired a 20% stake
- Beginning of the biologicals program by start foot-and-mouth disease vaccine plant construction

2011

- Entered in foot-and-mouth disease vaccine market

2014

- Continuity of the biological program with new plant

2016

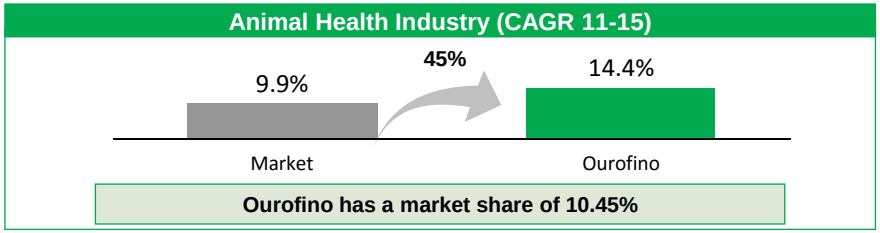
- IPO

OFSA3 NOVO MERCADO BM&FBOVESPA

What we do
A veterinary pharmaceutical company



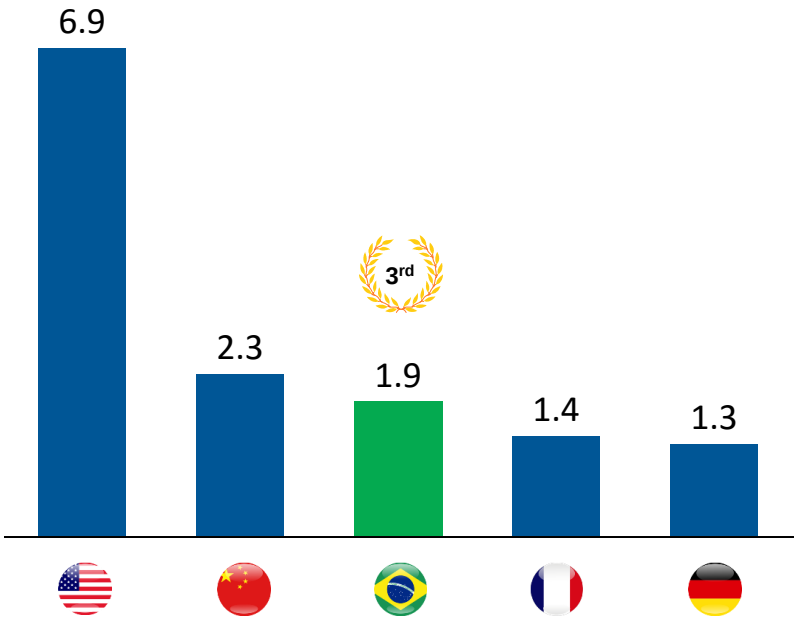
Products per Category	% of net revenues	Production animals	Companion animals	International operations	Selected products
Vaccines	9.7%	4	-	Ouro Fino currently exports to 14 countries throughout the world	Ourovac Aftosa; Ourovac Clostridium
Antiparasitics	40.0%	24	4		Colosso FC30; Master LP
Antibiotics	20.3%	20	6		Ciprolac; Doxifin PS
Therapeutic	16.6%	16	13		Sincrocio; Dermotrat
Nutritional	3.1%	9	9		Enragold; Ractosuin
Others	10.3%	13	1		Herbalvet; MaxicamGel
% of net revenues (2015)		81%	12%	7%	
# of products from current portfolio 2015		86	33		



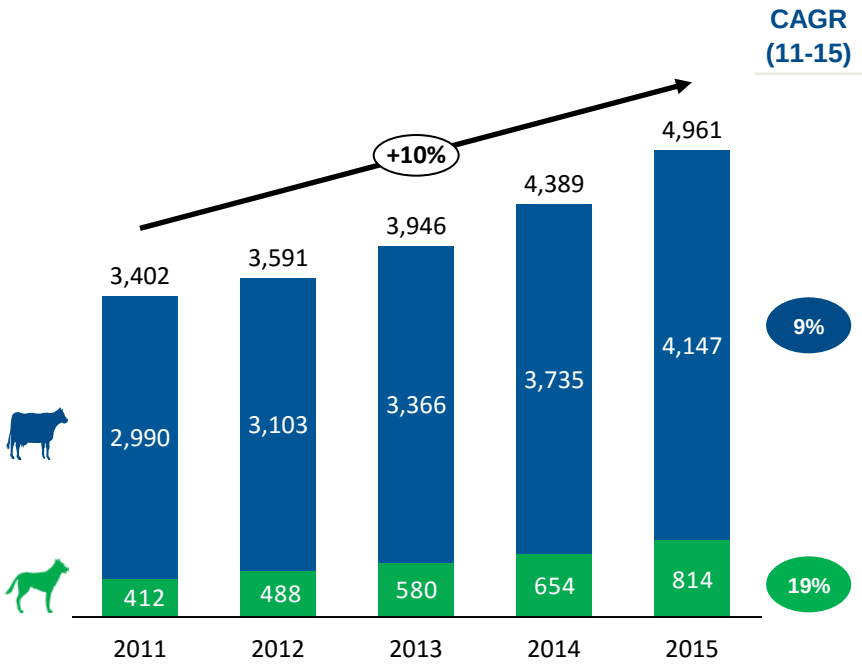
Source: Company information and SINDAN / Market share is based on the last available information which is december'15

Market Overview

Global (US$ bn) – 2014E



Brazil (R$ mm)



Highlights

Brazil as the 3rd largest market with strong growth opportunities

- **Major animal protein producer**
- **Still incipient in the use of animal health products**
- **Growing need to improve animal productivity as a key driver of demand for animal health products**

Source: Vetnosis and SINDAN

Growth Drivers



Production Animals

- Population and income growth drive demand for meat and dairy
- Lower availability of land puts pressure to increase productivity

Gap

	Herd Turnover	Annual Spend per Head (US$)
	36.7%	21
	25.1%	6

+3.5x

Market Size (%)

	World	Brazil	Brazil Growth (11-15)
Production Animals	59%	84%	9%
Companion Animals	41%	16%	19%

Companion Animals

- Aging and growth of income driving demand for pets
- Humanization of pets driving growth in average spending
- Also the pets themselves are living longer

Gap

	Pet population (million)	Total Pet Market (US$ Bi)
	144	60.3
	74	5.4

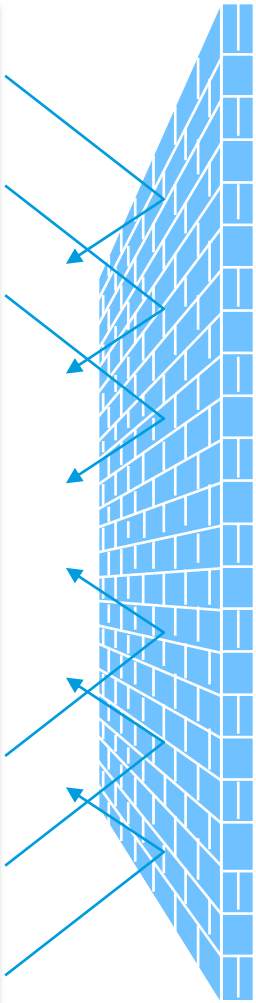
+11x

Source: Company information, IBGE (PNS - 2013), Abinpet 2015, APPA's annual report - 2015

High Entry Barriers



Barriers to Entry



Entry Barriers in the Sector

Product Registration

- Need operating plant to apply for a new registration
- 4 years, on average, to have a new product registered

Brand

- Track record
- Customer loyalty

Distribution / Sales

- Nationwide and efficient distribution network
- Well trained sales force with a solid network of clients

Products

- Complete portfolio of products
- Products customized for Brazil

Regulatory Framework for Manufacturing Process

- Guidance for the inspection of veterinary products and manufacturers' facilities

Ouro Fino's Main Strengths

- Fully operational plant
- 115 people in R&D
- 39 products launched in the last 5 years

- 29 years track record

- Present in all Brazilian states
- More than 4,500 clients across Brazil and internationally

- Approximately 120 products Flexibility to produce different types of formulas, dosages and application methods

- Plants that meet Brazilian authorities' regulatory requirements and are also fully compliant with international standards

Source: Company information

Leading Position and Proven Ability to Gain Market Share

Ouro Fino plays a key role in the animal health market, being the largest local player

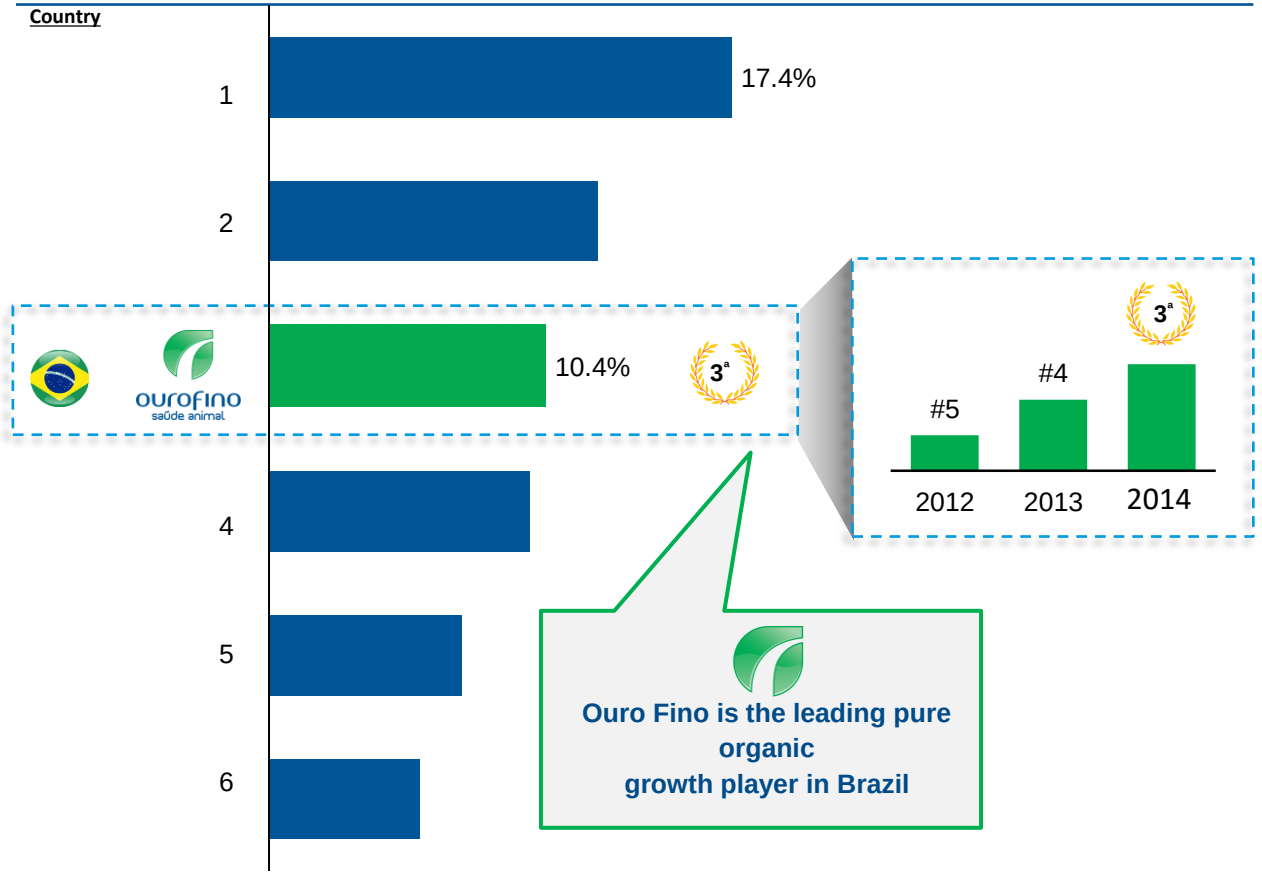
Highlights

Closer relationship with clients

- Direct sale to resellers in production animals
- Technical sales and educational programs

Customization via molecule combination and application methods

Brazilian Animal Health Ranking[1]



Source: SINDAN

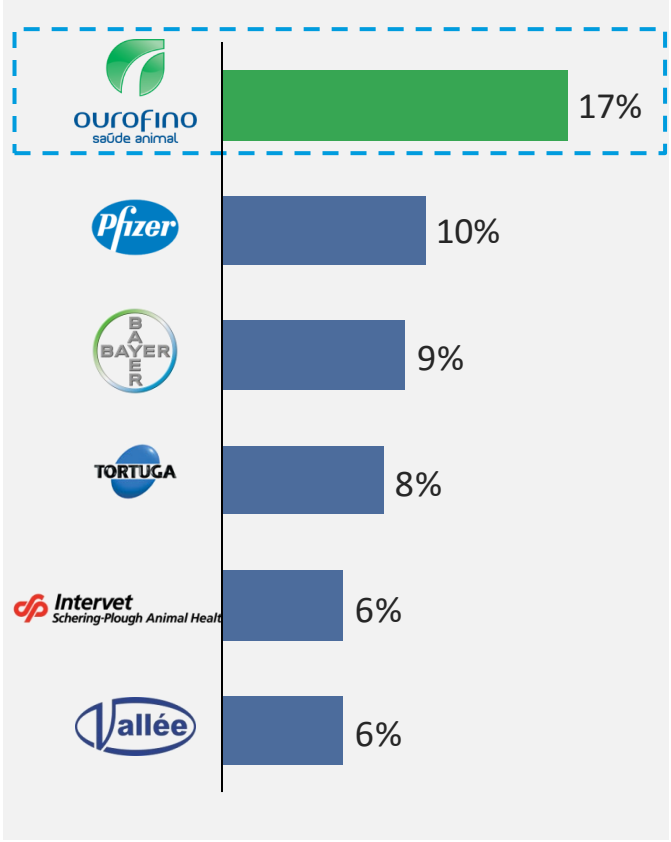
[1] Based on revenues as of year 2015

Widely recognized brand

"Top-of-mind" brand in the market, widely recognized by customers, competitors and suppliers and a highly awarded company

Brand recognition in the Brazilian Animal Health sector

Most admired company in the veterinary segment



Source: Carta Capital magazine as of 2010

Recent company achievements

2016	Animal Pharm award for best company – Latin and South America.
2005 to 2014	Época magazine award for one of the greatest places to work in Brazil in 2005, 2008, 2009, 2010, 2011, 2012, 2013 and 2014
2005 to 2014	Exame magazine award for one of the 150 best places to work in Brazil in 2005, 2006, 2008, 2009, 2012, 2013 and 2014
2009	Anpei award for innovative approach
2005	FINEP technology innovation award
2004	Ernst & Young award for the top entrepeneur of the year
Since 2000	Ouro Fino is recognized since 2000 by Fundação Abrinq as a company that supports child development

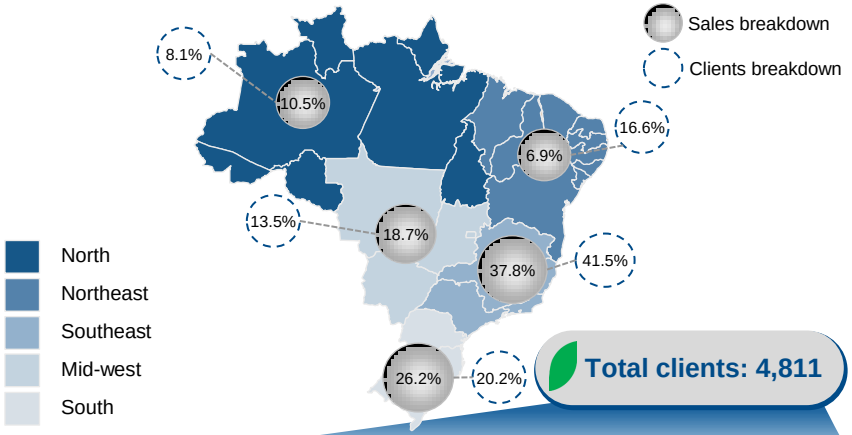
Diversified client base and broad distribution network



Scope of product portfolio coupled with strong customer relationships leads to one stop shopping for customers

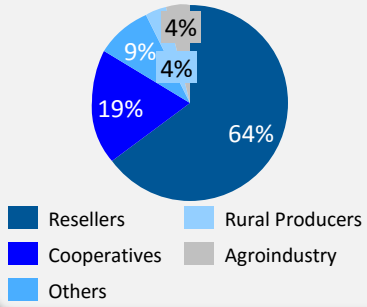
Production animals

Sales and clients breakdown in Brazil (2015)

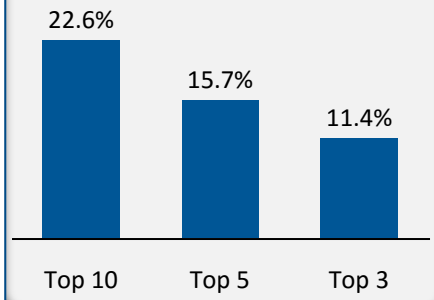


Total clients: 4,811

Client breakdown (% of 2015A net revenues)

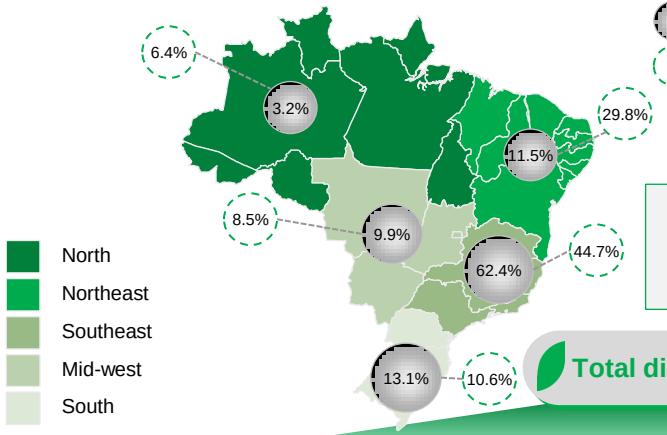


Client concentration (% of 2015A net revenues)



Companion animals

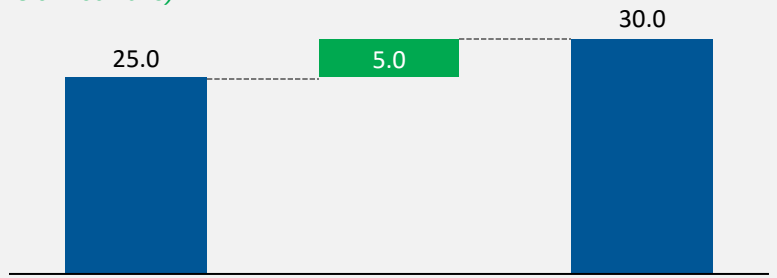
Sales and client breakdown in Brazil (2015)



Plus our own distribution in São Paulo city

Total distributors: 42

# of PET stores covered ('000 stores) (As of Dec 2015)



Source: Company information

State-of-the-art production facilities



The largest production facility of animal health products in Brazil



Highway Anhanguera, 298km – Cravinhos / SP

1. Headquarters
2. Laboratory for quality control and R&D
3. Pharmaceuticals production facilitiy
4. Warehouse / shipping facilitiy
5. Animal defensives production facility
6. Hormones production facilities
7. Foot-and-mouth vaccine production facilities
8. Biological QC and general vaccines production facility

- One of the most modern plants in the veterinary segment
- Compliance with top national and international standards for quality certification: US FDA, MAPA, GMP and EM
- Advanced IT system (SAP) implemented

Source: Company information

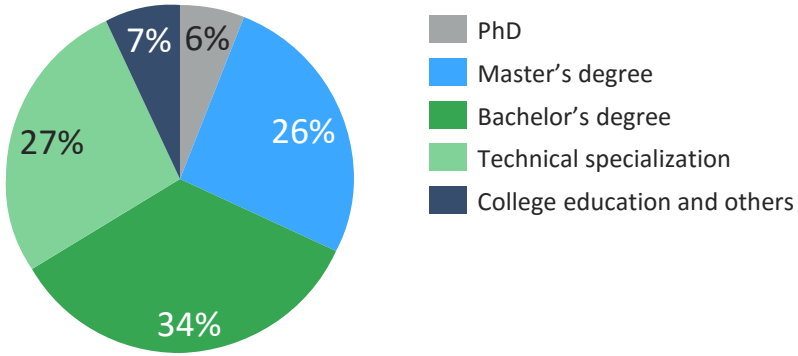
Expertise in product development with best-in-class R&D practices



Partnerships to advance research programs and drive new business opportunities

- R$ 86 mm of R&D investments in the last 3 years, an average of 6% of net revenues invested every year
- Grupo Ouro Fino has its own internal research center to lead clinical studies and field experiments
- R&D team with over 115 highly capacitated employees
- Open innovation model: transformation of ideas into products
- R&D and Marketing teams mapping the trends in the animal health industry

Education profile of the R&D team



Strong relationship with innovation powerhouses

Ministério da Saúde
FIOCRUZ
Fundação Oswaldo Cruz
unesp
UNICAMP
Embrapa
USP
Universidade Católica de Brasília
UNAERP
UFPR

Dedicated farm for product experiments



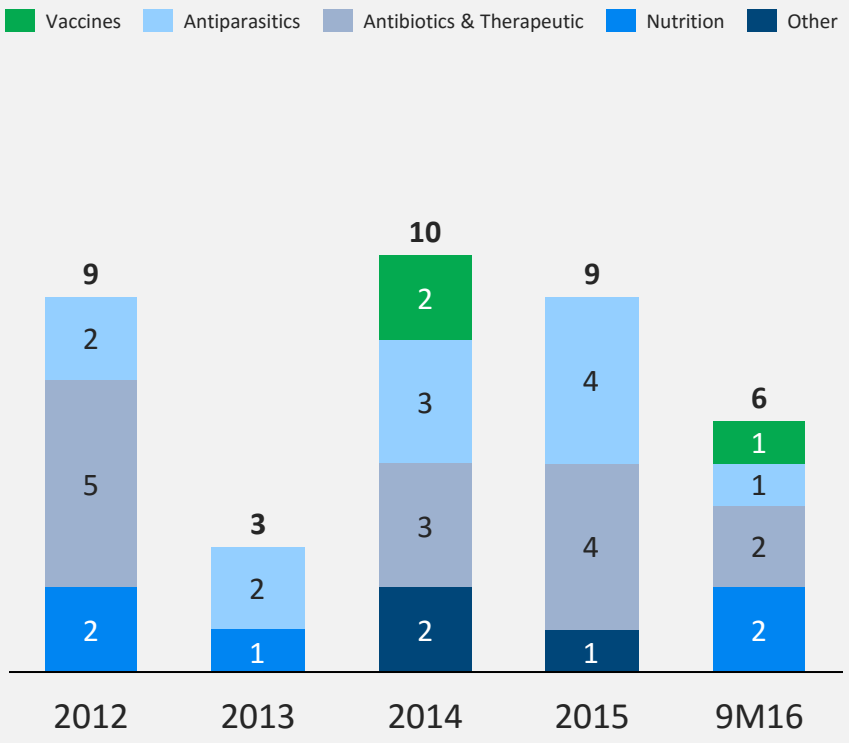
Source: Company information

Expertise in product development with best-in-class R&D practices



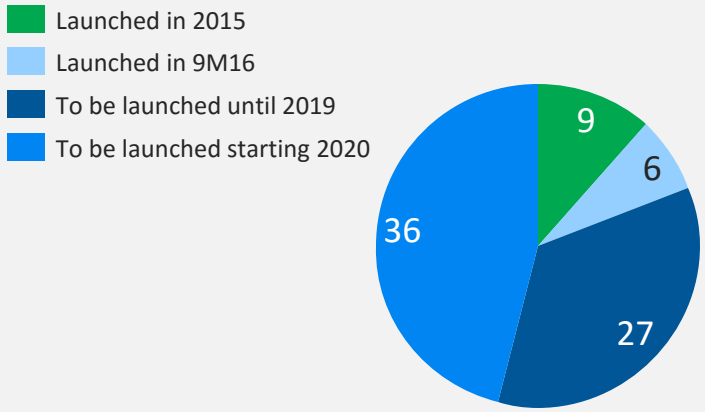
With an extensive pipeline of innovative products, Ourofino is well positioned to continue its accelerated growth path

Products launched



37 products launched in the last 5 years

Expected launching schedule



63 products to be launched in the next years

Significant room for growth of biologicals

Source: Company information

Launched Products in 2016



6 products lauched in 9M2016

3rd quarter



Mgold 20
20% of monensin, safely and effectively prevents coccidiosis in broilers and replacement pullets, with zero-day withdrawal time.

Category
Nutritional (Production animals)



Mgold 40
Prevents coccidiosis in broilers and replacement pullets and maximizes the zootechnical performance of poultry and zero-day withdrawal time.

Category
Nutritional (Production animals)

2nd quarter



Evol
Broad-spectrum endectocide for cattle; its formulation is based on ivermectin and albendazole sulfoxide

Category
Endectocide (Production animals)



Nulli
Tramadol-based oral analgesic for dogs and cats

Category
Therapeutic (Companion Animals)

1st quarter



Resolutor
Antibiotic prescribed for the quick treatment of respiratory diseases in animals

Category
Antimicrobial (Production animals)



Ourovac Raiva
Vaccine against rabies in cattle

Category
Biological (Production animals)

Biologicals Platform



January/2016



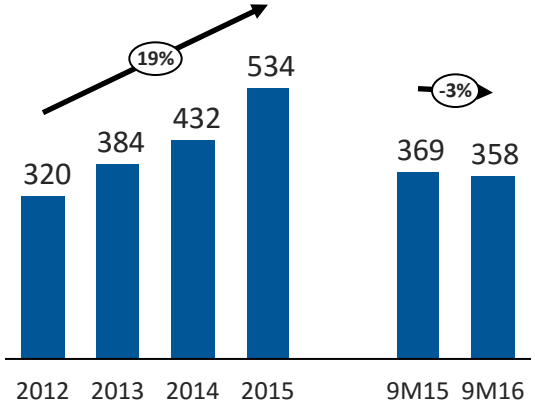
December/2016



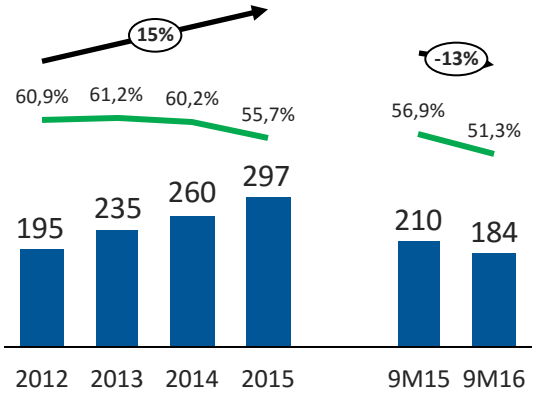
Development and register of products are being carried out

Financial Highlights

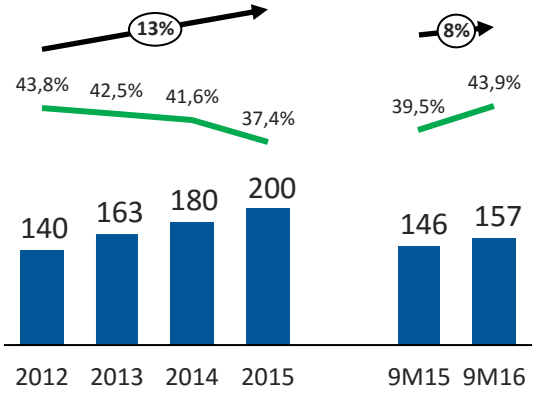
Consolidated net revenues (R$mm)



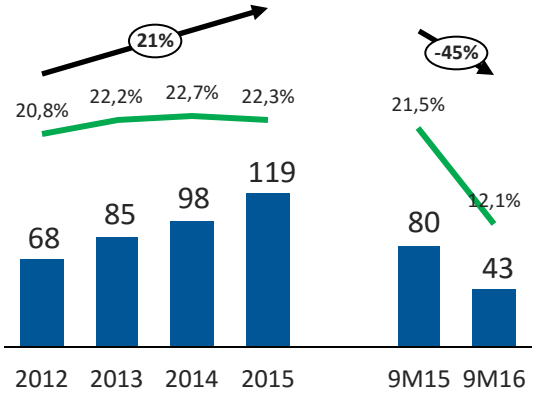
Gross profit (R$mm) and margin



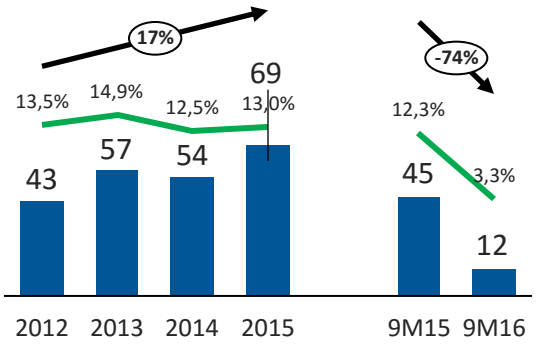
SG&A (R$mm) percentage on net revenue



EBITDA (R$mm) and margin



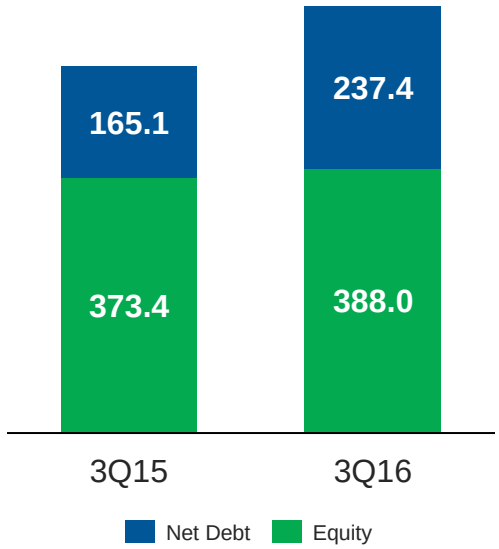
Net profit (R$mm) and margin



Source: Company information

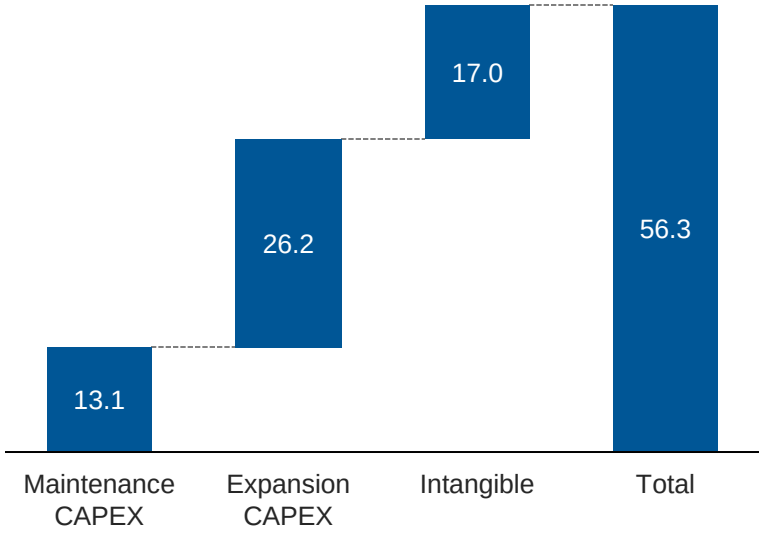
Net debt and CAPEX

Net Debt x Equity (R$ mm)



Net Debt.[1] / Adjusted EBITDA	**1.48x**	**2.95x**
Average interest on debt in sep 30[1]	**6.75%**	**9.61%**

CAPEX in 9M16 (R$ mm)



- FINEP lines:
  - R$ 106 MM totally disbursed by the end of 4Q16
    - Completed by R$ 42 MM tranche in December of 16
  - Fixed interest rate of 4.5% per year in Brazilian Reais
- For 4Q16 the average interest should improve as well as debt profile

Note 1: Average cost calculated on the debt considering linked derivatives.

Highlights




1
Leading position in the attractive Brazilian animal health market
2
Unique combination of a widely recognized brand, diversified client base and wide distribution network
3
State-of-the-art production facilities
4
Expertise in product development with best-in-class R&D practices and extensive pipeline
5
Strong corporate governance and a best-in-class management team
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